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Part 1

DISAPPROVING THE EXTENSION OF FAST-TRACK PROCEDURES TO BILLS TO IMPLEMENT TRADE AGREEMENTS ENTERED INTO AFTER MAY 31, 1991

MAY 15, 1991.—Ordered to be printed

Mr. MOAKLEY, from the Committee on Rules, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany H. Res. 101, which on March 6, 1991, was referred jointly to the Committees on Ways and Means and Rules]

[Including cost estimate of the Congressional Budget Office]

The Committee on Rules, to whom was referred the resolution (H. Res. 101) disapproving the extension of "fast track" procedures to bills to implement trade agreements entered into after May 31, 1991, having considered the same, report thereon, without recommendation.

PURPOSE OF LEGISLATION

House Resolution 101 disapproves the President's request that implementing legislation for certain trade agreements, if entered into after May 31, 1991 but before June 1, 1993, will be considered under the fast-track procedures described in section 151 of the Trade Act of 1974.

COMMITTEE CONSIDERATION

H. Res. 101 was introduced by Representative Dorgan on March 6, 1991 and referred to the Committee on Ways and Means and the Committee on Rules. The Committee on Rules met on May 14, 1991 to consider H. Res. 101. The Committee heard testimony from Representatives Dorgan, Richardson, Kolbe, Gibbons and Levin. The

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Committee ordered reported H. Res. 101 without recommendation by voice vote, a quorum being present.

BACKGROUND

The President, on March 1, 1991, requested a two-year extension of "fast-track" procedures pursuant to section 1103(b)(1)(B) and (b)(2) of the Omnibus Trade and Competitiveness Act of 1988. The President's request describes three types of trade agreement that might be negotiated under this fast-track authority: the Uruguay Round of GATT (General Agreement on Tariffs and Trade), a bilateral U.S.-Mexico free trade agreement or a North American Free Trade Agreement (NAFTA) to include the United States, Canada and Mexico, and further trade agreements with one or more Latin American nations under the Enterprise for the Americas Initiative.

Unless Congress acts affirmatively to disapprove the President's request, it is considered to take effect on June 1, 1991; that is, the House and Senate agree to follow certain procedures—including a prohibition on amendments—for the consideration of any measures necessary to implement trade agreements entered into after May 31, 1991 but before June 1, 1993. The statutes incorporating fast-track procedures make clear, however, that these procedures are enacted as an exercise in the rulemaking powers of each House of the Congress with full recognition of the constitutional right of either House to change its rules at any time, in the same manner that other rules are changed.

There have been serious concerns raised both about GATT negotiations and a free trade agreement with Mexico or with Mexico and Canada. With GATT negotiations, most opposition is focused on the fear that the U.S. will modify its negotiating stance on textiles in order to win concessions toward the elimination of agricultural subsidies. This has raised concerns among both the textile industry and some farm groups. Some environmentalists are also wary of further GATT negotiations, noting that the previous round of GATT, now in effect, has been used to challenge various environmental and health and safety laws. Under GATT challenge as nontariff barriers are: Danish recycling laws, Canadian fish conservation rules, Thai ban on cigarette advertising, the European Community's ban on meat hormones, and the U.S. Marine Mammal Protection Act ban on excessive dolphin kills. Still, there is much stronger support for the 107-nation GATT discussions and opposition to the Uruguay Round is not as formidable as concerns raised by the prospect of NAFTA.

The wage disparity between American and Mexican workers is the first source of worry about NAFTA. Opponents contend that Mexico's single comparative advantage is cheap labor. Mexican workers make about 10% of what American workers earn; competition and economic integration that will flow from a free trade agreement surely threatens Americans with job losses and pay cuts. Labor-intensive industries may close their factories and go south, moving more production work out of the U.S., losing more jobs and more capital, and threatening our industrial base.

There is little dispute some jobs will be lost, though the Administration contends that on balance more jobs will be created through

the dynamism of economic growth. Proponents of an agreement note that even without a free trade agreement jobs and factories will leave for East Asia or other low-wage areas of the world. The Administration and others argue that factories searching for a low-wage solution in Mexico have probably left already: Mexico's foreign investment controls have been disappearing in the 1980's and the maquiladora industry, begun in the mid-1960's with a handful of assembly plants in Mexican border towns and now including about 2,000 plants throughout Mexico, provide the chance to locate assembly work in Mexico and ship back finished products into the U.S. at little cost. Finally, the Administration promises, in its action plan of May 1, to support effective retraining programs and adequately funded worker adjustment assistance programs for those who do lose their jobs as a result of an agreement.

The promise to provide worker adjustment and retraining, however, is viewed with some skepticism. The President proposed terminating the Trade Adjustment Assistance program in his FY 1992 budget. And in the past 35 years, according to labor opponents of fast track, many administrations of both parties have promised effective training–and assistance to American workers harmed by trade agreements only to break their promises when faced with budgetary constraints.

The record on workers' rights, child labor, and health and safety standards in maquiladoras is not inspiring, according to opponents of fast track, though the Administration points to advances in Mexican federal law in these areas and the Salinas Administration's recent efforts and promises to enforce these laws. The environmental record in Mexico also worries many. In general, the concern is that the U.S. enforces tougher standards on the environment and on health and safety in the workplace. Rather than raising Mexico's enforcement, it is feared an agreement will lead Mexico to challenge U.S. standards as nontariff barriers to trade. In fact, Mexico is currently challenging the U.S. Marine Mammal Protection Act ban on excessive dolphin kills, under the existing GATT. And the U.S.-Canada Free Trade Agreement has been the basis of similar challenges to the U.S. ban on asbestos and certain Canadian reforestation programs.

The Administration responds that, while environmental enforcement has been lax in Mexico, there has been recent dramatic improvement. Since 1989, the budget for SEDUE, the agency corresponding to our Environmental Protection Agency, has grown eight times higher, with large numbers of facilities shut down for environmental violations. Moreover, the Administration action plan commits to ensure that an agreement preserves our right to exclude any product that fails to meet our health and safety standards and maintains our right to impose stringent environmental standards, including protection of endangered species. The Administration also promises to develop joint environmental initiatives including an integrated border environmental plan.

Finally, there is much dispute over the actual benefits that will accrue from NAFTA. In the short-run, most studies conclude that benefits will be negligible. This is not surprising given that an agreement will surely be phased in over a transition period and given the size of Mexico's economy. About 85 million people live in

Mexico, more than three times the population of Canada; still, per capita GNP in Mexico is only one-tenth of Canada's and only slightly more than one-one hundredth of our own.

Most U.S. exports to Mexico are just assembled into finished products and shipped back to the U.S. Mexico will not serve as a huge consumer market for us. States bordering Mexico expect some gains but there may well be dislocations in other U.S. regions. Florida winter vegetable growers, for example, fear the domestic winter vegetable industry (earning over $3 billion a year) will collapse in competition with Mexico. Automobile products are the largest component of our trade with Mexico; in 1989, the U.S. exported $3.9 billion and imported $5.8 billion in automotive products, resulting in a significant trade deficit. In 1990, Salinas reduced local content requirements and allowed more imports of new cars but this is another area where some fear U.S. jobs will be lost.

Still, Mexico is our third largest trading partner and our third-largest export market, after Canada and Japan. We are clearly Mexico's most important trade partner. In recent years, between 70 and 88 cents of every dollar Mexico spent on imports went to buy American goods. And it is estimated that for every dollar of GNP growth in Mexico, 15 cents will be spent on U.S. goods. Mexico has substantially reduced import barriers under the Salinas administration and our exports to Mexico more than doubled from 1986 to 1990. A free trade agreement will further reduce barriers to trade and this will be to our benefit. Mexico's current duties against U.S. goods, while reduced, still average 10 percent; ours on Mexican goods average only 4 percent. NAFTA will also help lock in Mexico's unilateral trade liberalizations of the 1980's by making it difficult for future Mexican governments to reintroduce trade restrictions and making foreign investment in Mexico more secure. Finally, in the long-run a regional free trade zone of this size promises growth, export enhancement and offers hope of a strong market force in the world economy. While the European Community plans a single market by 1992 and another regional trade zone appears to be building around Japan and developing Asian countries, a North American Free Trade Agreement offers a strong response, promising dynamic economic growth in the hemisphere.

FAST-TRACK PROCEDURES

Section 151 of the Trade Act of 1974 includes the specific "fast-track" procedures providing for the expeditious consideration of implementing measures. The section provides that:

(1) No amendments are in order to an implementing bill or resolution and neither a unanimous consent request nor a motion to suspend the application of section 151(d)—the prohibition against amendments—is in order.

(2) Provides for automatic discharge from committees of jurisdiction, if an implementing bill has not been reported within 45 days of its introduction.

(3) Any Member may move to consider an implementing bill, and the motion to proceed to consideration is highly privileged, unamendable and not debatable.

(4) If the motion is agreed to, up to 20 hours of general debate, equally divided and controlled by a proponent and an opponent, is provided. A motion to limit debate is in order but is not debatable.

(5) A motion to recommit an implementing bill is not in order.

METHODS OF DISAPPROVAL

Under section 1103 of the Omnibus Trade and Competitiveness Act of 1988, fast-track procedures will be extended for an additional two years if the President requests an extension by March 1, 1991 and Congress does not affirmatively act to disapprove the request. On March 1, 1991, the President requested an extension of fast-track.

Congress' failure to act on the President's request is seen by the 1988 Act as tacit consent. The Omnibus Trade and Competitiveness Act of 1988 does contemplate a method by which the President's request can be timely considered and rejected. The Act sets out the form of a resolution, called an "extension disapproval resolution," and specifies the sole matter to be included after the resolved clause. House Resolution 101 is an extension disapproval resolution.

In fact, the Omnibus Trade and Competitiveness Act of 1988 provides the House four methods for disapproving or modifying fast-track procedures: (1) committee action, (2) a one-House extension disapproval resolution, (3) reverse fast-track with reciprocal House and Senate resolutions, and (4) in the same manner as other rules of the House are changed.

Committee action

Within 60 days (as defined section 1103(e) of the Omnibus Trade and Competitiveness Act of 1988) of the date that the President formally notifies the Ways and Means Committee and the Senate Finance Committee of his intention to begin any bilateral negotiations regarding tariff and nontariff barriers, either Committee may vote to disapprove the negotiations which automatically turns off fast-track procedures. The 60-day window has closed both for GATT Uruguay Round and a U.S.-Mexico Free Trade Agreement.

Extension disapproval resolution

House Resolution 101 is an extension disapproval resolution. The extension disapproval method, as mentioned above, is a one-time opportunity for the House to disapprove a Presidential request to extend fast-track beyond May 31, 1991.

A simple (single-House) resolution of the form specified in section 1103(b)(5)(A) of the 1988 Act may be introduced by any member and, in the House, it is jointly referred to Ways and Means and Rules. The extension disapproval resolution may itself be considered under the fast-track procedures but only if the disapproval resolution is reported to the House by both Ways and Means and Rules on or before May 15, 1991, and only if the House considers the resolution before May 31, 1991.

Reverse fast-track

If the President's request to extend fast-track is granted, the 1988 Act contemplates a specific method to disapprove fast-track once negotiations are underway. The form of a simple (single-House) resolution is specified in section 1103(c)(1)(E) of the 1988 Act, stating that the reason for disapproval is that the President has failed or refuses to consult during the negotiations. In the House, the reverse fast-track resolution must be introduced by the chairs or ranking minority members of Ways and Means or Rules, must be referred jointly to both Committees, may not be amended in Committee and may be considered under the fast-track procedures but only if the disapproval resolution is reported to the House by both Ways and Means and Rules. The Senate must approve a reciprocal Senate resolution within 60 days, as defined in the Act. If the Senate acts first, the House must approve a reciprocal resolution in 60 days.

Exercise of rule-making powers

The Omnibus Trade and Competitiveness Act of 1988 and the Trade Act of 1974 both contain language explaining that the procedures set out are enacted "with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedures of that House) at any time." In effect, this premits the Rules Committee to recommend and the House to approve a resolution turning off fast-track procedures and providing for the consideration of an implementing measure with or without amendments and under such other constraints as the House deems appropriate. The House can consider a resolution turning off fast-track procedures at any time.

It is not an idle threat. The House has turned off fast-track procedures, as recently as the end of last Congress, when the House considered the issue of most-favored-nation trade status for China. In October 1990, the House approved two resolutions, H. Res. 485 and H. Res. 503, which turned off fast-track and provided for the consideration of four amendments to a bill dealing with China's MFN trade status.

By the same token, it is not a step taken lightly and it requires a determined majority of the House united in its will to derail fast-track. The purpose of fast-track procedures is to assure the negotiators that, at the end of their work, any legislation needed to implement an agreement will be considered expeditiously. That assurance implies that if the U.S. negotiators live up to their responsibilities—consulting Congress regularly during the process, adhering to their commitments, and meeting concerns about environmental protection, health and safety standards, labor and industry adjustment, including an effective worker retraining and adjustment assistance program, and worker rights—an agreement should be considered quickly and without amendment.

ANALYSIS OF RESOLUTION

The resolution consists of a single sentence stating the House's disapproval of the President's request to extend fast-track procedures on the grounds that insufficient progress has been made in

trade negotiations. The sentence is identical to the words specified in section 1103(b)(5)(A) of the 1988 Act to be contained in an extension disapproval resolution.

MATTERS REQUIRED UNDER THE RULES OF THE HOUSE

Committee vote

Clause 2(l)(2)(B) of rule XI requires each committee report to accompany any bill or resolution of a public character, ordered to be reported by a recorded vote, to include the total number of votes cast for and against the reporting of the measure.

On May 14, 1991, the committee ordered House Resolution 101 reported to the House without recommendation, by voice vote, a quorum being present.

Committee cost estimate

Clause 2(l)(3)(B) of rule XI requires each committee report that accompanies a measure providing new budget authority, new spending authority, or new credit authority or changing revenues or tax expenditures to contain a cost estimate, as required by section 308(a)(1) of the Congressional Budget Act of 1974, as amended. This House resolution does not provide new budget authority, new spending authority, or new credit authority nor does the resolution increase or decrease revenues or tax expenditures.

Clause 7(a) of rule XIII requires committees to include their own cost estimates in certain committee reports. Under clause 7(d) of rule XIII, the requirement does not apply to the Rules Committee; nonetheless, the Committee makes it a practice to examine the costs that would be incurred in carrying out the measures it reports. House Resolution 101 would have no direct costs to the federal government.

Congressional Budget Office estimates

Clause 2(l)(3)(C) of rule XI requires each Committee to include a cost estimate prepared by the Director of the Congressional Budget Act, pursuant to section 403 of the Congressional Budget Act of 1974, if the cost estimate is timely submitted. Below is the CBO cost estimate as required:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 13, 1991.

Hon. JOHN JOSEPH MOAKLEY,
Chairman, Committee on Rules, House of Representatives, Washington, DC

DEAR MR. CHAIRMAN: At the request of committee staff, the Congressional Budget Office has reviewed H. Res. 101, a resolution disapproving the extension of "fast track" procedures to bills to implement trade agreements entered into after May 31, 1991, as introduced and referred to the House Committee on Rules on March 6, 1991. We estimate that this resolution would result in no cost to the federal government.

Under current law, expedited (or "fast track") procedures for Congressional consideration of trade agreements expire after May

31, 1991, unless the President requests an extension and neither House of the Congress disapproves that request before June 1, 1991. The President has requested such an extension and H. Res. 101 would disapprove that request.

By itself, the existence of "fast track" procedures does not have a budgetary impact. The CBO baseline does not assume new trade legislation, such as potential agreements under the auspices of the General Agreement of Tariffs and Trade (GATT) or the United States-Mexico Free Trade Agreement. There may be a greater likelihood of the eventual enactment of such trade legislation under "fast track" procedures.

The availability of "fast track" procedures could also affect direct spending of the Commodity Credit Corporation (CCC). Title I of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508) requires additional spending of $1 billion in fiscal years 1994 and 1995 combined on agricultural export subsidies if the United States has not entered into an agricultural trade agreement under GATT by June 30, 1992. That act also mandates marketing loans for wheat and feed grains and authorizes waivers of minimum acreage reduction requirements. These provisions do not apply if "fast track" procedures are unavailable. Thus, disapproval of the "fast track" procedures would eliminate the possibility that additional CCC spending would be triggered by these provisions of the reconciliation bill. This has no scoring effect because such spending is not included in the baseline projections.

If you wish further details of this estimate, we will be pleased to provide them. The CBO staff contact is Eileen Manfredi.

Sincerely,

ROBERT F. HALE
(for Robert D. Reischauer, Director).

Inflation impact statement

Clause 2(l)(4) of rule XI requires each committee report on a bill or joint resolution of a public character to include an analytical statement describing what impact enactment of the measure would have on prices and costs in the operation of the national economy. House Resolution 101 is not a bill or joint resolution, and thus is not subject to the rule. Nonetheless, the Committee notes that House Resolution 101 has no inflationary impact on the nation's economy.

Oversight findings

Clause 2(l)(3)(A) of rule XI requires each committee report to contain oversight findings and recommendations required pursuant to clause 2(b)(1) of rule X. Clause 2(b)(1) of rule X calls on each standing committee, other than the Committees on Appropriations and Budget, to review and study the effectiveness of laws and other matters within its jurisdiction. The Committee offers no oversight findings or recommendations specifically relevant to House Resolution 101.

Oversight findings and recommendations of the Committee on Government Operations

Clause 2(l)(3)(D) of rule XI requires each committee report to contain a summary of the oversight findings and recommendations made by the Government Operations Committee pursuant to clause 4(c)(2) of rule X, whenever such findings have been timely submitted. The Committee on Rules has received no such findings or recommendations from the Committee on Government Operations.

Advisory committees

Section 5(b) of the Federal Advisory Committees Act (Public Law 92-463), enacted as an exercise of the rulemaking power of the House, requires the report accompanying any bill or joint resolution to contain certain findings of the committee with respect to any advisory committee established by the legislation.

The section does not apply to House Resolution 101, but the resolution would create no such committee.

Comparative print

Clause 4(d) of rule XI requires that, whenever the Committee on Rules reports a resolution amending or repealing the Rules of the House of Representatives, the accompanying report must contain a comparative print showing the changes in existing rules proposed to be made by the resolution. While House Resolution 101 affects House procedures, it neither directly nor permanently repeals or amends House rules.

Views of committee members

Clause 2(l)(5) of rule XI requires each committee to afford a three day opportunity for members of the committee to file additional, minority, or dissenting views and to include the views in its report. Although neither requirement applies to the committee, the Committee always makes the maximum effort to provide its members with such an opportunity.

The following additional views were submitted:

ADDITIONAL VIEWS OF CONGRESSMAN DAVID DREIER

I oppose H. Res. 101, the Dorgan resolution disapproving the extension of fast track procedures, because the evidence is compelling that free trade will foster greater economic efficiency and a higher standard-of-living. This is particularly true with regard to the President's efforts to negotiate a free trade agreement with Mexico and, concurrently, a North American free trade area.

It is important to point out that disapproval of the fast track authority will have implications that go beyond a free trade agreement with Mexico. Delegates to the GATT talks from the European Community, Japan, and several developing countries have said that there is no real chance of anything substantive coming out of the Uruguay Round until the question of extending the fast-track negotiating procedure is settled.

If Congress does not renew the fast track authority, the GATT talks to reform global trade will collapse. Other nations will not negotiate with the United States if they know that any agreement reached could be amended by Congress.

THE PRESIDENT'S COMMITMENT TO JOBS AND THE ENVIRONMENT

When negotiating with our southern neighbors, the concerns of agriculture interests, organized labor and environmentalists here at home cannot be ignored. Nor should they be. In fact, the President's action plan, spelled out in his May 1 letter to Congress, calls for an ambitious program of cooperation on a wide range of issues.

Environmental initiatives will include the design and implementation of an integrated border environmental plan to address air and water pollution, hazardous wastes, chemical spills, pesticides, and enforcement. The United States will exercise its right to exclude products that do not meet domestic health and safety standards, and to impose stringent standards with regard to pesticides, energy conservation, and toxic waste.

To prevent Japan and our European trading partners from benefiting from an agreement with Mexico, the United States will negotiate strict rules of origin. This will ensure that Mexico does not become a platform for the export of third country products. This includes strengthening the required North American content for assembled automotive products.

In addition, the USTR will consider transition periods to avoid dislocations to import-sensitive industries and workers. Just as important, the President has agreed to work with Congress to develop an adequately-funded domestic worker adjustment program so that dislocated workers receive proper assistance and training.

A blueprint on how these commitments will be carried out is contained in H. Res. 146, which I support as a vehicle to attract broad, bipartisan support for extending the fast track authority. I believe,

however, that the existing fast track mechanisms guarantee adequate Congressional involvement in the negotiating process. In fact, the fast track process was designed to strengthen Congress' hand by requiring the USTR to consult adequately with Capitol Hill. Disapproval of fast track will deny our country one of the best vehicles for addressing substantive cross border disputes.

THE ILLUSION OF MEXICO'S LABOR COST ADVANTAGE

Some opponents of the fast track extension argue that lower wage rates in Mexico will devastate our economy as tens of thousands of American jobs are transferred across the border. I agree that some industries may be affected by short-term economic adjustments. But overall, economic data suggests that these adjustments will be outweighed by gains in employment in other sectors.

The reason is that wage rates are related to productivity, and they do not just measure labor's contribution to production costs. If they did, Mexico would be a corporate paradise. A more useful measurement of the cost of labor is the value of labor's output.

According to the Bureau of Labor Statistics, the average wage rate in Mexico is only 16 percent of the average U.S. wage rate. But the value of Mexico's output is even less. In 1988, the value of output per U.S. worker was $45,927. Mexican output per worker was about $6,472, or only 14 percent of U.S. output per worker. In other words, American labor is a better deal. The reason is that American workers are better educated and better equipped with capital and technology, and the long-term trends predict an even greater productivity gap.

Despite America's superior advantage in both human and technological productivity, nobody denies the possibility that some low-skilled, low-cost labor will move across the border. More likely, the shift will be in jobs that would otherwise go to American-owned manufacturing facilities in the newly industrialized countries of South Korea, Thailand, Singapore, and Taiwan.

When a firm moves its production to Asia, it is likely to buy its supplies from other Asian countries. Likewise, firms in Mexico will buy many of their supplies from the U.S. In fact, a study by the U.S. Chamber of Commerce in Mexico found that 86 percent of direct material sourcing for American companies in Mexico comes from the U.S.

Assuming that additional low-skilled jobs do flee south, are these the jobs we want to protect? Critics of so-called "Reaganomics" were fond of stating, erroneously, that those policies created an army of "hamburger flippers," a reference to low-paying jobs. Yet now, these are the same jobs that opponents of a U.S.-Mexico free trade agreement want to protect. Worse, they're willing to protect these jobs at the expense of jobs created in the efficient, high-productivity, high wage export industries, which include automotive parts, mechanical equipment, and high-technology goods.

Opponents of a free trade agreement also ignore its positive influence on wage rates in the U.S. Like most other sectors of our economy, wage rates are determined, in part, by the supply of labor. A free trade agreement will help create jobs in Mexico. This,

in turn, will help to improve wages for low-skilled labor in the U.S. because there will be fewer immigrants competing for these jobs.

FREE TRADE IS PRO-ENVIRONMENT

One of the biggest dilemmas facing the leaders of developing countries is producing policies to redress the problems of poverty without exacerbating environmental degradation. Command and control economies cannot accomplish the simultaneous goals of alleviating poverty and protecting the environment. Protective tariffs and import quotas also serve to undermine the long-term growth that can provide countries such as Mexico with the economic resources to fight pollution.

I am encouraged by the commitments of both President Bush and President Salinas to ensure that any free trade agreement contains adequate environmental safeguards. President Bush's action plan is the environmental equivalent of the New World Order. It aims to solve difficult problems with a policy of inclusion and consultation. It aims to keep hypothetical concerns from becoming serious problems.

A representative of the independent environmental community will be on the U.S. negotiating team—an unprecedented step. Environmental organizations will also be asked to join the joint border protection program, which will be in place by the end of this year.

President Salinas has also promised strict enforcement of Mexico's excellent environmental law. All new businesses will have to meet these regulations immediately. As newer businesses are built, and newer cars replace older cars, pollution will be reduced, not increased, by economic growth.

There have already been 980 temporary and 82 permanent industrial closures because of violations of environmental regulations. One closure, of Mexico City's largest oil refinery, put 5,000 people out of work. President Salinas has pledged to require that all new industries complete an environmental impact statement before any construction or expansion begins. I believe that a free trade agreement will encourage Mexico to take even greater steps to protect the environment.

RECOGNIZING THE ACCOMPLISHMENTS OF PRESIDENT SALINAS

Mexican President Carlos Salinas de Gortari's efforts to revitalize his nation's economy have been spectacular. Failure on our part to follow through with free trade negotiations would undermine these efforts, and would be hypocritical because it was the United States that encouraged Salinas and his predecessors to pursue free market reforms in the first place.

Mexico's economic reform process began in 1983 and accelerated once President Salinas took office in 1988. Mexico has reduced its maximum tariff rate from 100 percent to 20 percent. In fact, the average trade-weighted tariff was cut from over 25 percent in mid-1980s to about 9 percent today. Overall, Mexico has exceeded its GATT commitment on tariff reduction.

To spur imports, including those from the United States, Mexico has eliminated the licensing requirement for 98 percent of its import categories, and the government has pledged to go further.

In addition, most non-tariff barriers to trade, including domestic-content quotas for autos and electronics, have been eliminated.

Mexico's privatization and deregulation efforts have also been impressive. Out of 1,155 state-owned companies, 801 have been divested or authorized for divestiture. The national telephone company, airlines, hotels, steel and mining industries, banking and the state insurance company have been sold or are in the process of being sold to private investors.

President Salinas deserves a great deal of credit for Mexico's recent economic success. After years of negative growth, Mexico's economy is growing three percent a year. Inflation has fallen from 160 percent in 1987 to 30 percent in 1990. And Mexico's trade deficit was cut by two-thirds in four years.

Failure to extend the fast track negotiation authority will seriously jeopardize Mexico's efforts to develop a first-world economy and to rid that country of widespread poverty and pollution. It would be a major set-back to our efforts to improve what has historically been a relationship beset by prejudice and mistrust.

THE COST OF ILLEGAL IMMIGRATION

Each night along the border at Tijuana, more than 1,000 people are arrested trying to sneak into the United States. In 1990, 473,000 people were arrested, a figure which was 30 percent higher than in 1989. Border Patrol agents believe that several times that number actually make it across the border.

The economic costs to the U.S. from undocumented aliens are enormous. Los Angeles County alone spends over $750 million annually on undocumented aliens and their dependents. This includes over $200 million for health care, $250 million for welfare benefits; and $95 million on the criminal justice system. In Los Angeles County jails, 11 percent of the total inmate population is made up of deportable aliens. These figures are duplicated in jurisdictions throughout California and Texas.

Without a free trade agreement, we may never gain control of our southern border. As President Salinas said, the thousands of migrants will turn into "millions without the possibility of creating jobs in Mexico."

CONCLUSION

Approval of H. Res. 101, the resolution disapproving the fast track negotiating authority, could have the most damaging impact on our economy since passage of the Smoot-Hawley Act, which contributed to the Great Depression. A vote for H. Res. 101 is a vote for defeatism, protectionism and economic stagnation.

On the other hand, the defeat of H. Res. 101 will allow the Administration to purse a North American free trade agreement that would unite 360 million consumers with a combined annual output of $6 trillion. It will boost economic prosperity in Mexico, the U.S. and Canada, and will provide us with the tools to address issues such as drugs, education, immigration, and the environment. Equally important, a North American free trade zone would enhance our ability to compete against the formidable trading blocs emerging in Europe and Asia.

The President has agreed to work closely with Congress, labor leaders and environmental groups to insure a free trade agreement that will benefit all Americans. H. Res. 146 further outlines Congress' role as a participant in both the negotiation and implementation process. It is time to show the world that the United States can still compete, continues to embrace the principle of free trade, and opposes the dangerous and misguided path toward protectionism.

DAVID DREIER.